

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

MICHAEL CASTRODALE and RONALD  
SYKES, Derivatively on Behalf of  
LANNETT COMPANY, INC.,

Plaintiffs,

vs.

ARTHUR P. BEDROSIAN, *et al.*,

Defendants,

-and-

LANNETT COMPANY, INC.,

Nominal Defendant.

Case No.: 19-cv-1746-MN

**STIPULATION AND ORDER TO STAY**

Plaintiffs Michael Castrodale and Ronald Sykes (“Plaintiffs”), nominal Defendant Lannett Company, Inc. (“Lannett” or the “Company”), and Defendants Arthur P. Bedrosian, Timothy C. Crew, Martin P. Galvan, John Kozlowski, David Drabik, Jeffrey Farber, Patrick LePore, James M. Maher, Albert Paonessa, III, John C. Chapman, and Paul Taveira (together with Lannett, the “Defendants”) jointly submit this Stipulation to temporarily stay the above-captioned derivative action (“Stipulation”), and in support thereof state as follows:

**WHEREAS**, Plaintiffs filed the above-captioned derivative action after making a demand on the Board of Directors (the “Board”) of the Company seeking to remedy alleged breach of fiduciary duties and other alleged wrongful conduct (the “Demand Made Derivative Action”);

**WHEREAS**, on November 22, 2019, Defendants moved to dismiss or, in the alternative, to stay the Demand Made Derivative Action (D.I. 22-26);

**WHEREAS**, pending in the United States District Court for the District of Delaware is a consolidated derivative action captioned *In re Lannett Company, Inc. Derivative Litig.*, Case No. 1:19-cv-00888-MN-JLH) (the “Demand Futility Derivative Action”);

**WHEREAS**, in the Demand Futility Derivative Action, unlike the Demand Made Derivative Action, the plaintiffs did not make a demand on the Board of the Company before initiating their action;

**WHEREAS**, the defendants in the Demand Futility Derivative Action filed a motion to dismiss on December 6, 2019 arguing, *inter alia*, that the plaintiffs in that action failed to state with particularity the reasons for failing to make a demand on the Board of the Company before filing their action;

**WHEREAS**, in order to ensure economy of time and effort for the Court, for counsel, and for litigants, Plaintiffs and Defendants (the “Parties”) have agreed that the Demand Made Derivative Action should be voluntarily stayed (1) through the resolution of the motion to dismiss the Demand Futility Derivative Action or (2) until ten (10) days after either of the Parties to this Stipulation gives notice (by email to all counsel of record) that they no longer consent to the voluntary stay of the Demand Made Derivative Action.

**NOW THEREFORE**, it is hereby stipulated by and between the undersigned that:

1. The Demand Made Derivative Action shall be stayed upon the Court’s so-ordering this Stipulation as an Order of the Court (1) through the resolution of the motion to dismiss the Demand Futility Derivative Action or (2) until ten (10) days after either of the Parties to this Stipulation gives notice (by email to all counsel of record) that they no longer consent to the voluntary stay of the Demand Made Derivative Action.

2. Upon occurrence of any of (1) the issuance of a decision on the pending motion to dismiss the Demand Futility Derivative Action by its court or (2) either of the Parties to this Stipulation has given notice that they no longer consent to the voluntary stay of the Demand Made Derivative Action, then the Parties shall notify the Court within five (5) days after the occurrence of any of the events above.

3. The existence of this Stipulation, the contents thereof, and any negotiations or proceedings in connection therewith shall not be deemed a presumption, concession, finding, or admission by any of the Parties. Defendants expressly reserve all defenses and all grounds for dismissal, any of which may be raised if the stay of this Demand Made Derivative Action is lifted. If this stay is lifted, the Parties shall meet and confer and submit a proposed scheduling order governing further proceedings in this action.

DATED: January \_\_\_\_\_, 2020

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*Attorneys for Defendants and Nominal  
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SO ORDERED this 16th day of January 2020.

  
The Honorable Maryellen Noreika  
United States District Judge